

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 30 June 2010 at the Civic Suite, Town Hall, Runcorn

Present: Councillors Leadbetter (Chairman), Howard, Lloyd Jones, A. Lowe, A. Macmanus, Murray, Norddahl and J. Roberts

Apologies for Absence: Councillors McDermott, Philbin and E. Ratcliffe

Absence declared on Council business: None

Officers present: B. Dodd, I. Leivesley, E. Dawson and A. Scott

Also in attendance: Councillor Redhead and C. Williams

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

Action

BEB8 MINUTES

The Minutes of the meeting held on 26 May 2010 were taken as read and signed as a correct record.

BEB9 ANNUAL GOVERNANCE STATEMENT 2009/10

The Board considered a report of the Strategic Director, Resources, which outlined the approach taken to produce the Council's 2009/10 Annual Governance Statement and presented the Council's Annual Governance Statement (AGS) to review and approve.

The Board was advised that the AGS had been co-ordinated through a Corporate Governance Group led by the Strategic Director – Resources. The Group had been responsible for evaluating the sources of assurance and identifying any areas where the Council's governance arrangements could be strengthened.

The Board was further advised that the AGS intended to identify any areas where the Council's governance arrangements were not in line with best practice or were not working effectively, together with action plans for improvement.

The 2009/10 review of the Council's governance framework had concluded that there were no significant weaknesses in the Council's governance arrangements. However, the Council had planned to further strengthen its governance arrangements to ensure that:

- the Council's governance and internal control framework was maintained during a period of downsizing resulting from budgetary pressures and funding constraints;
- the Council's IT disaster recovery arrangements were resilient to ensure business continuity was maintained in the event of service failure;
- the Council complied with the requirement to adopt new Executive Arrangements by 31 December 2010, in accordance with the Local Government and Public Involvement in Health Act 2007.

In addition, the Board were reminded that the Council was legally required to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement on internal control in its statement of accounts in accordance with the requirements of the Accounts and Audit (Amendments) Regulations 2006. The annual governance review process aimed to ensure that an accurate statement could be produced in line with these requirements. Part of the review process also included consultation with the Business Efficiency Board, which had responsibility for ensuring that the Council's governance arrangements complied with best practice.

RESOLVED: That

- 1) the Council's Annual Governance Statement be approved; and
- 2) the Council's Local Code of Corporate Governance be updated, to reflect the developments in the Council's governance arrangements as described in the report.

Strategic Director
- Resources

BEB10 2009/10 DRAFT ABSTRACT OF ACCOUNTS

The Board considered a report of the Operational Director, Finance, which sought approval for the Council's 2009/10 Draft Abstract of Accounts.

The Board was advised that the Abstract of Accounts (The Abstract) set out the Council's financial performance for the year in terms of revenue and capital spending and presented the year-end financial position as reflected in the balance sheet.

It was reported that the Regulations had required further changes to the content and layout of the Abstract this year. The changes brought Local Authority accounts more into line with International Financial Reporting Standards (IRFS), for which full compliance was required from 2010/11. The changes were outlined within the section titled 'Changes in Accounting Policies' in the report.

The Board was advised that in overall terms the Council had underspent its 2009/10 revenue budget by £489,000. The Council had approved the use of £350,000 from General Fund Balances when setting the 2009-10 revenue budget. With an additional £115,000 received in Government Grant, the net result was that the General Fund Balances would be increased by £254,000 to £7,175,000.

The key elements of the Abstract were outlined in the report for Members' consideration as follows:-

- Capital expenditure;
- School balances;
- Income and expenditure account;
- Statement of movement on the general fund;
- The Council's balance sheet;
- Cashflow statement;
- Collection fund account;
- Group accounts; and
- The Statement of Responsibilities.

The Board considered these areas and then went through the draft Abstract of Accounts in detail, robustly scrutinising its contents. In particular, the following points were discussed:-

- Disclosure of Net Pensions Asset/Liability;
- Income and Expenditure Account;
- Statement of Movement in the General Fund;
- Statement of Total Recognised Gains and Losses;
- Balance Sheet (Assets and Liabilities); and
- Senior Officer Emoluments 2009/10.

It was highlighted that the Council had continued to be successful in managing its finances maintaining a sound

financial base.

The Abstract would now be subject to external audit and once completed the Audit Commission would report their findings to the Board on 29 September 2010 and the Abstract would then be published.

Members discussed the financial implications on the Council in the light of the Government's recent announcement to cut 2010/11 grants. A further report would be brought to the Board in September 2010 which would update Members on the Efficiency Programme.

RESOLVED: That

- (1) the 2009/10 Draft Abstract of Accounts be approved for submission to the Audit Commission; and
- (2) the Operational Director, Finance be authorised, in consultation with the Chairman of the Business Efficiency Board, to make any necessary minor amendments prior to the Abstract of Accounts being finalised.

Operational
Director - Finance

BEB11 AUDIT FEE LETTER 2010/11

The Board considered a report of the Strategic Director, Resources which outlined the Audit Commission's Audit Fee Letter for the 2010/11 financial year. It was noted that the Board received the letter on behalf of the Council.

Colette Williams from the Audit Commission was present at the meeting, and advised that all local authorities were required to be audited by an Auditor appointed by the Audit Commission under the terms of the Audit Commission Act 1998. The Board was informed that at Halton Borough Council, the audit was undertaken by the Audit Commission's own staff. The Audit Fee Letter for 2010/11 was attached to the report for Members' consideration.

It was further advised that the indicative fee for 2010/11 audit was £258,005 which was 4.5% below the scale fee. It was noted that the Auditor must conduct the audit under the Code of Audit Practice approved by Parliament. The fee was mainly set as a result of the following;

- continued pressure to achieve financial balance;

- the potential impact of the recent organisational restructure and staff changes on the Council's internal control framework and the final accounts process;
- corporate and financial capacity particularly given the number of major capital projects the Council was aiming to deliver (for example Mersey Gateway and Building Schools for the Future);
- planning for the implementation of the IFRS by the required deadline;
- complex technical accounting issues, for example continued discussions on the accounting treatment for the Mersey Gateway project and review of the proposed accounting treatment for the joint venture at the Daresbury Science and Innovation Park.

However, since the letter had been written, some aspects of the Council's workload had changed, for example, the Comprehensive Area Assessment had been abolished and the Use of Resources assessment was not required, and this would have an impact on the level of audit required. A revised letter would be issued, which would take into account such changes.

RESOLVED: That the Audit Fee Letter for 2010/11 be received and note that a revised letter would be submitted.

Meeting ended at 7.45 p.m.